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TO : **THE DEPARTMENT OF STATE, WASHINGTON.****January 29, 1959**

DATE

REF : **CERP for Germany, Sec. D-VII-A-6.**

For Dept. Use Only	ACTION	DEPT.
	REC'D	OTHER
	Com-12	Rep-1 IRC-8 ICA-10 EUP-9 E-1
	2-2	TAR-2 AG-8 IN-7 C-10 TR-3 FRB-3 Army-3

SUBJECT: **Some Domestic Reactions to the New West German Coal Import Duty.**

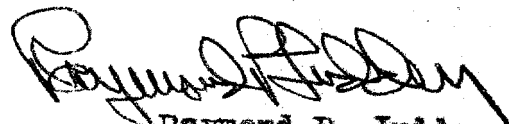
The official announcement by the Federal Economics Ministry of the introduction of a DM 20/ton duty on non-ECSC coal imports into the Federal Republic, effective February 16, 1959, has been answered with fiery reactions from some domestic consumer and importer groups.

The governments of Schleswig-Holstein and of Hamburg, as well as the association of North German coal importers, bitterly complained to the federal authorities about the inadequacy of the duty-free import quota of 4.25 million tons for the whole of 1959. The traditional consumers of imported coal in northern Germany, especially the public utilities, will be seriously affected.

Coal importers stress that this duty practically prohibits coal imports beyond the 4.25 million tons and therefore amounts to a breach of the federal government's promise not to interfere with valid contracts.

It might also be a blow to Western Germany's reputation in foreign countries, the importers' association pointed out. Cancellation of shipping contracts as a result of the prohibitive duty would furthermore have very unfavorable consequences on employment in the North German seaports.

The German Association of Electric Power Plants uses similar arguments in its protest against the coal import duty. It claims that the duty would add about DM 100,000,000 to the costs of non-ECSC coal to be imported by the power plants in 1959. Such an amount cannot leave power rates unaffected, the association warned.



Raymond P. Ludden
American Consul General

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